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February 6, 2003

**EX PARTE**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St. S.W.  
Washington, D. C. 20554

**Re: CC Docket No. 01-338**

Dear Ms. Dortch:

I am attaching a position paper explaining in detail why special access/UNE ratcheting would not only be poor public policy, but would also be an extremely expensive and time-consuming requirement to implement. Please include this letter and attachment in the docket of the above-reference proceeding.

Sincerely,



Glenn Reynolds

cc: Michelle Carey  
Tom Navin  
Jeremy Miller  
Scott Bergmann

## The FCC Should Not Require “Ratcheting” of Special Access Services With Unbundled Network Elements

Ratcheted commingled tariffed special access, or “UNE/SPA ratcheting,” is a concept raised by some CLECs to allow them to commingle their tariffed special access (SPA) and unbundled UNE transport circuits and then utilize a factor to “ratchet” the price between market-priced access services and TELRIC-priced transport UNEs based on the percentage of use in interoffice multiplexing and transport. BellSouth opposes these proposals. Commingled and ratcheted special access is an extraordinarily expensive solution in search of a non-existent problem, given the widespread market evidence of competitive transport alternatives.

Despite some superficial similarity to existing processes, there is really no precedent for the work effort that would be involved in a SPA/UNE ratcheting mandate. ILECs currently “ratchet” mixed special access and switched access facilities. This process is the single most expensive and complex billing process that BellSouth administers. The BellSouth document that details the current requirements for special access/switched access DS1/DS3 ratcheting alone is eighty pages long, despite the fact that this process is much simpler than that which would be created by a SPA/UNE ratcheting requirement. Introduction of SPA/UNE ratcheting would significantly increase both the cost and the level of complexity of ratcheting. SPA/UNE ratcheting would also open the door for significant and serious regulatory gamesmanship.

SPA/UNE ratcheting is not comparable to the existing ratcheting process for special access and switched access facilities for a variety of reasons. As noted in more detail below, special access and switched access services are both billed from the Carrier Access Billing System (CABS). While the ratcheting of switched access and special access required the development and implementation of extremely complex and expensive billing solutions, the process was confined to a single billing system, and a single class of tariffed services, access services. The ratcheting process developed for special access and switched access uses data and fields directly from the CABS database. Because UNEs are billed from multiple systems, a new system or interfaces would have to be developed to accommodate SPA/UNE ratcheting. Thus, the cost and complexity of SPA/UNA ratcheting would exceed that of existing ratcheting of special access services.

Second, special access and switched access are both tariffed access services that utilize the same ordering and provisioning processes. Both services are subject to the same installation processes and intervals. Both utilize the same maintenance and repair centers and are subject to the same repair intervals and service quality guarantees. By contrast, UNEs share none of these commonalities. UNEs are not even “services,” but rather are wholesale network components provided through contractual arrangements. UNEs are designed to meet those technical parameters necessary to duplicate retail performance standards for local exchange service, not special access standards.

UNEs are provisioned using different processes and different service centers. Installation processes and intervals are different than those established for special and switched access services. UNEs utilize a separate and distinct maintenance and repair center and are subject to different repair intervals. Rather than the service guarantees available for tariffed access

services, UNEs are subject to performance measures and penalties established by each state commission.

Switched access and special access ratcheting also differs from SPA/UNE ratcheting in the design of the ratcheted facilities and the ratcheting factors that are applied. Existing ratcheting processes permit ratcheting only on an end-to-end circuit (for example, from an end user's premises to the carrier's POP). SPA/UNE ratcheting would require the development of a process that would permit the ILEC to differentiate various intervening points of a single facility. For example, one circuit that is currently ratcheted between special access and switched access would have to be distinguishable in its piece parts – loop, one or more segments of interoffice transport, and local channel. To date BellSouth has no way of ratcheting a single segment of the facility. A limited number of USOCs are “ratcheted” today between special access and switched access; SPA/UNE ratcheting would require a much larger number of USOCs to be ratcheted, making a circuit-by-circuit factor requirement impossible to maintain.

Finally, SPA/UNE ratcheting is not comparable with ratcheting local interconnection facilities. Ratcheting of local interconnection facilities is very limited. Ratcheting is not available for all facilities that ride a ring, but only for point-to-point circuits. Ratcheting is applied only on an end-to-end circuit, not on one or more segments of a larger circuit. Most importantly, for interconnection facilities, each access rate element or USOC has an equivalent local interconnection rate element or USOC. Without a corresponding equivalent service, ratcheting becomes an entirely manual process.

There are three main areas of concern pertaining to the expense and complexity of implementing UNE/SPA ratcheting: billing, measurements and cost recovery. BellSouth discusses each of these areas in more detail below. In addition, a host of operational issues would be created by mixing access services and UNE circuits on a single facility.

#### Billing Issues Associated with SPA/UNE Ratcheting

SPA/UNE ratcheting would be particularly burdensome with respect to requisite billing system changes. These changes, at a minimum, would include:

- a major conversion of the CABS and IBS databases;
- development of other systems or mechanisms necessary for the CABS and IBS databases to communicate information, for example, to determine adjustments or multi-jurisdictional credits where both systems are utilized;
- development and implementation of many new and constantly changing ratcheting factors, given the likelihood of trunk-specific factors;
- development of new computer code and associated documentation for every new USOC added;
- identification and resolution of standard billing issues, such as new data fields required on both ASRs (Access Service Requests) and LSRs (Local Service Requests), through OBF (Order and Billing Forum), which require multi-company approval, often taking years to complete;
- extensive testing of the billing system modifications; and

- delays in other CLEC priorities as resources are diverted from currently scheduled CLEC prioritized projects.

In fact, it is possible that a new billing system would have to be developed to accommodate SPA/UNE ratcheting. While it is impossible to estimate the costs of such development without precise parameters of the requirements, BellSouth believes the costs would be much greater than the Commission would anticipate. In comparison, BellSouth recently implemented an infrastructure upgrade known as IBS. IBS is designed to bill CLECs for stand-alone non-designed loops, stand-alone switch ports, and port/loop combinations (including UNE-P). A major benefit of IBS is that it is capable of billing deaveraged rates in three or four different rate zones in each of the nine states where BellSouth is currently required to make these combinations available. The complexities of SPA/UNE ratcheting, however, are far greater than loop deaveraging. While accurate estimates of the cost of implementing SPA/UNE ratcheting are problematic in advance of specific requirements, it is reasonable to conclude it would cost several times more than IBS. The effort would be much more similar, in terms of complexity, to the nationwide introduction of number portability. Ironically, by the time such an effort could be concluded, it would be highly likely that developments in the competitive market would render the “need” for any such extraordinary regulatory mandate superfluous, particularly given current evidence of competitive transport alternatives.

The complexity arises from the fact that SPA circuits and non-designed UNEs are billed out of two different billing systems. BellSouth bills SPA circuits out of the CABS, along with designed UNE circuits. Non-designed UNE circuits are now billed out of IBS. Thus, SPA/UNE ratcheting would at a minimum require a major conversion or linking of the CABS and IBS billing systems, and could require deployment of an entire new billing system; either option could cost several hundred million dollars. Such an undertaking could not be made without OBF coordination and approval, a process that in itself could take more than a year and long outlast any actual marketplace evidence of impairment. These significant expenditures of time and money would in turn divert resources from more critical CLEC-initiated requests for BellSouth systems modifications.

In addition to the billing system issues that SPA/UNE ratcheting will create, verification of a carrier customer’s billing in a ratcheting environment will be extremely difficult. Ratcheting of special access and switched access creates a large percentage of BellSouth’s billing disputes, as billing verification is a complex, manual process. This has negative implications for CLECs/IXCs and ILECs alike. Adding SPA/UNE ratcheting as a requirement will add exponentially to the complexities and billing problems. ILECs would have to rely on CLECs for special access-to-UNE factors, which will be discussed in more detail below, and there are no readily apparent triggers for audits of such factors. Thus, ILECs would require Commission authorization to conduct timely audits to ensure that carriers do not misallocate the portion of special access facilities used as UNEs in order to minimize their costs.

In order to substantiate the validity of their factors, CLECs would be burdened with maintenance of complex records. Even with ratcheting of special access and switched access, auditing is complicated because the factor used for ratcheting is based on the network configuration at a particular point in time. In order to implement SPA/UNE ratcheting,

BellSouth would have to create a database to maintain information on the access and UNE mix per day, per customer, and per circuit. Those records would be constantly changing as the carrier's customer base and service mix changes.

#### Operational Issues Associated with SPA/UNE Ratcheting

Repair and maintenance on commingled facilities would be problematic. As noted above, the work groups that handle maintenance calls on special access facilities are separate and distinct from those that handle UNE maintenance calls. Depending on the circumstances, simultaneous dispatches from two different work groups, or initial dispatches from the wrong work group, could occur as a result of maintenance calls on commingled facilities. Both scenarios would result in inefficient use of ILEC resources and increased cost for both the ILEC and CLEC. If, for the sake of argument, one were to assume that such problems could be alleviated, it would require a complete overhaul, if not replacement, of BellSouth's maintenance and provisioning systems and procedures, as well as the restructuring of its maintenance and provisioning organizations. This would be a massive and very costly undertaking.

#### Measurement Issues Associated with SPA/UNE Ratcheting

Perhaps most problematic is that due to the nature of the commingling involved in SPA/UNE ratcheting, the systems and methodology currently used for both UNE and access measurements would have to be replaced or upgraded. UNE measurements are used to calculate possible Self Effectuating Enforcement Mechanism (SEEMS) payments while access measurements are currently subjected to the Automated Reporting Management Information System (ARMIS). The Commission, in CC Docket No. 01-321, has also proposed new measurements that could have to be calculated as well. Rules would have to be made to determine under which system circuits should be measured and then taken back to each PSC for approval.

Service guarantees set forth in BellSouth's access tariffs would presumably continue to apply to that portion of the facility that is special access, while the performance measures and penalties imposed by each of BellSouth's nine state commissions would apply to the UNE portion of the facility. This dual service quality requirement does not exist in the ratcheting of special access and switched access. It is unclear how, if at all, the ILEC will be able to calculate accurate performance measures and penalties when service installation and repair intervals differ and when provisioning and maintenance responsibilities are handled by separate and distinct organizations. Melding the two organizations into one, while a complex task in and of itself, will not cure the dilemma created by applying differing quality requirements, intervals, and guarantees/penalties on a single facility.

#### SPA/UNE Ratcheting Requires Adequate Cost Recovery

The operational, administrative and technical issues set forth above equate to significant capital expenditure and ongoing expense to BellSouth and other ILECs. A mandate for SPA/UNE ratcheting could require the creation of two entirely new systems, a SPA/UNE Ratcheting Billing System and a Maintenance Crediting System, and significant modification to

the a number of BellSouth's systems, including, but not necessarily limited to: IBS, CABS and the Business Office Carrier Access Billing System (BOCABS), the Complex Services Profile System (CSPS), EXACT, SOCS, SONGS, DOE, the Trunk Inventory Records Control System (TIRCS), WFA-C (control), WFA-DI, IDS and PMI (Performance Monitoring Integrator). Electronic flow through will be jeopardized, as the relation of these orders throughout the entire ordering and provisioning period would require manual processing at least initially, and possibly indefinitely, if proper coding cannot be implemented.

In light of this, if the Commission adopts a ratcheting requirement, it must at the same time establish cost-recovery mechanisms that will allow ILECs to recover their related expenses. Because current UNE prices and ordering charges have not taken into account the cost of developing the necessary modifications to the appropriate billing and other systems and processes to implement SPA/UNE ratcheting, significant pricing dislocations could occur as a result of whatever cost recovery mechanism is adopted. Finally, if ILECs are required to incur these additional capital costs and CLECS are required to bear these expenses, the result will likely impact all carriers' plans to grow their networks and invest in new and better competitive facilities, services and equipment.

In sum, SPA/UNE ratcheting would be an expensive and complex endeavor, fraught with administrative and operational problems. It would be inconsistent with the deregulatory goals of the Telecommunications Act. There is simply no need, based on the record developed in this proceeding, and indeed in related proceedings since 1996, to compel such an unwarranted overhaul of ILEC operational systems.